

The complaint

Mr K complains that Monzo Bank Ltd ('Monzo') hasn't refunded the money he lost after he fell victim to a scam.

What happened

The circumstances of the complaint are well-known to both parties. So, I don't intend to repeat these in detail here. However, I'll provide a brief summary of what's happened.

Between July 2023 and November 2023, Mr K made 27 debit card payments as part of an investment scam. The payments, totalling £12,861.50, were made to Mr K's own digital wallets held with two cryptocurrency exchange platforms – which I'll refer to as 'M' and 'B'. The funds were converted into cryptocurrency, which was subsequently sent to the scammer.

After realising he'd been scammed, Mr K contacted Monzo to report the payments. Monzo said the payments had been authorised by Mr K and sent to his own digital wallets with M and B, which meant Monzo wasn't responsible for refunding Mr K's loss. It also said that there was nothing it could do to recover the funds, as M and B had provided Mr K with the cryptocurrency he paid for, and this had been sent to the scammer.

Monzo did acknowledge that it took too long to respond to Mr K's scam claim and his subsequent complaint – and it offered Mr K £100 compensation in recognition of this. Unhappy with Monzo's response, Mr K referred his complaint to this service.

Our Investigator didn't think Monzo could reasonably have been expected to have prevented the scam payments being made and so they said Monzo couldn't fairly be held responsible for refunding Mr K's loss. Our Investigator also didn't think Monzo could've done anything to recover Mr K's funds.

Our Investigator recognised that Mr K had been caused distress and inconvenience because of how long it took Monzo to respond to his scam claim and the subsequent complaint. However, our Investigator felt Monzo's offer of £100 compensation for the delays was fair in the circumstances. As a result, our Investigator didn't uphold Mr K's complaint.

Mr K didn't agree with our Investigator. As an agreement couldn't be reached, the complaint has been passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations, regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account.

It's not in dispute here that Mr K made the scam payments himself. So, under the Payment Services Regulations, the starting position here is that Mr K is responsible for the payments (and the subsequent loss) despite the payments being made as the result of a scam.

However, that isn't the end of the story. Good industry practice required Monzo to be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect Monzo to take steps to warn the customer about the risks of proceeding. When doing so, Monzo needs to strike a balance between trying to prevent fraud, and unnecessarily inconveniencing customers who try to make legitimate payments.

So, I've thought about whether any of the individual payments, or the overall pattern of the transactions, was so unusual or suspicious that it demonstrated a fraud risk to Monzo at the time the scam payments were made and whether Monzo needed to take additional steps before approving the payments.

Mr K opened his Monzo account in June 2023 – around a month before he started making the scam payments. As a result, it was difficult for Monzo to know what Mr K's typical account usage was, due to the small number of transactions that had been made on the account in that time. However, Monzo did have some information available to it about the scam payments. So, I've taken that into consideration when deciding if Monzo reasonably ought to have recognised the payments demonstrated a risk of fraud.

The scam payments – which ranged in value between £60 and £2,832 – were all debit card payments, which required Mr K to authorise via the Monzo mobile app. This additional verification step would've given Monzo some reassurance that the payments were properly authorised by Mr K.

The first four scam payments all went to M and were for £500 or less. They also took place over a one-month period. At the time these payments were made, I don't think they were so remarkable that Monzo reasonably ought to have identified they demonstrated a risk of fraud.

Scam payment five was for £2,832. The payment went to M – a cryptocurrency exchange platform – and was larger in value than Mr K's previous transactions on the account, with it being over four times the value of the next highest payment. So, there were some warning signs about this payment, with it being unusually large in value and going to a cryptocurrency exchange platform.

However, I'm not persuaded the payment reasonably ought to have demonstrated a risk of fraud to Monzo at the time the payment was made. Mr K had only held an account with Monzo for approximately nine weeks. So, Monzo had very limited payment activity to compare this payment with. During this time, Mr K had only made seven payments, five of which (including a non-scam related payment) were made to cryptocurrency exchange platforms – and those payments had been made over a six-week period, with no reported issues.

Scam payment five was an increase in value from Mr K's previous payments. However, I'm not persuaded the activity was so out of character, considering the merchants Mr K had been paying previously, that the payment reasonably ought to have looked suspicious to Monzo to the extent that it demonstrated a risk of fraud which warranted a warning or some form of intervention to check the payment purpose before it was approved.

Mr K was paying a merchant he'd already paid four times and sending funds to a cryptocurrency exchange platform was the most common payment activity on his account. So, the increase in value isn't enough for me to fairly say that Monzo reasonably should've been concerned.

The next 15 scam payments were for much smaller amounts – and these all went to M, as did the previous scam payments. Those 15 scam payments were made over a period of approximately nine weeks – so spread out over a long period of time. There were some instances where Mr K made multiple payments to M in a single day, but the amounts and pattern of transactions wouldn't have reasonably given Monzo cause for concern that Mr K was at risk of fraud.

Scam payment 21 was to a new merchant – B – and was for £1,000. B was a cryptocurrency exchange platform, and the amount was larger than Mr K's typical payment activity. However, by the time this payment was made, Mr K had a history of making debit card payments to cryptocurrency exchange platforms and had previously made a similar payment for almost three times the value of scam payment 21. So, I don't think this payment reasonably ought to have given Monzo cause for concern.

The next scam payment was made to M. It took place on the same day as scam payment 21 and was for £2,000, taking the total amount sent to a cryptocurrency exchange platform to £3,000 in a single day. However, Mr K had already made 20 payments to M over a period of almost four months, including scam payment five – which was for a larger amount. As a result, I don't think the payment demonstrated a change in how Mr K was using his account, and I wouldn't have reasonably expected Monzo to have been concerned that the payment demonstrated a risk of fraud.

The final five scam payments were all to B and were made over a three-week period. The amounts were smaller than Mr K's first payment to B. As a result, I still don't think a suspicious pattern of transactions had emerged that should've resulted in Monzo taking further action before approving the payments.

I appreciate Mr K has lost a lot of money to this scam and that he thinks Monzo failed to protect him from fraud by providing him with warnings about scams. However, having carefully considered the circumstances here, I don't think the individual payments, or the overall pattern of transactions, demonstrated a risk of fraud to Monzo at the time the scam payments were made. As a result, I'm not persuaded Monzo needed to provide Mr K with any warnings when the payments were made.

Monzo did question Mr K about his account activity, but this took place after the final scam payment had been made. And, from what I've seen, there's no suggestion that Monzo contacted Mr K because it had any concerns that he had been the victim of fraud. As a result, I'm not persuaded that Monzo identified a fraud risk when the scam payments were made and failed to act upon its suspicions. This means I can't fairly tell Monzo to reimburse Mr K's loss.

The scam payments were cryptocurrency purchases made using Mr K's debit card. Monzo could've attempted a chargeback to recover those payments from M and B. However, as there's been no suggestion made that Mr K didn't receive the cryptocurrency he purchased, I think a chargeback would've likely been defended by the merchants. So, as a chargeback would've had no reasonable prospect of success, I don't find that Monzo did anything wrong by not attempting this in the circumstances. And, as the funds had already been sent to the scammer when Mr K reported the scam, I don't consider Monzo could've done anything to recover Mr K's loss.

It took Monzo approximately three months to respond to Mr K's scam claim. Monzo also didn't answer Mr K's complaint within the timeframe allowed. During this time, there was a lack of communication from Monzo, resulting in Mr K frequently contacting Monzo for updates.

I think Monzo has caused unnecessary distress and inconvenience as a result of its delays and lack of communication. However, I'm satisfied that Monzo's offer of £100 compensation is a fair reflection of the impact of its errors and so I'm not recommending Monzo needs to do anything more than this to resolve Mr K's complaint.

My final decision

I appreciate Mr K has lost a significant amount of money to a cruel scam. However, for the reasons explained above, I don't find Monzo can reasonably be held responsible for Mr K's loss or that it needs to do anything more than it's already offered to resolve the complaint. As a result, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 16 April 2025.

Liam Davies
Ombudsman